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SUBJECT: TRADE AGREEMENT COMPLIANCE AND MONITORING IN HONG  
KONG & MACAU

REF: STATE 152063

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¶1. (SBU) This is a response to reftel inquiries on Post's  
efforts to monitor Hong Kong's compliance with trade  
agreement compliance.

A) Description of how Posts are currently organized for  
monitoring agreements and responding to foreign trade barrier  
complaints, including the establishment of teams at Post:

Consulate General Hong Kong holds a weekly Economic Cluster  
meeting specifically focusing on current trade and economic  
issues. The Consul General, the Deputy Principal Officer,  
and the heads of the Economic/Political (E/P) Section, the  
Foreign Commercial Service (FCS), the Foreign Agricultural  
Service (FAS), and the Public Affairs Section (PAS) all  
actively exchange information and formulate strategies on  
trade issues at this meeting. The Consul General utilizes  
the Economic Cluster meeting to monitor and direct Consulate  
responses to trade barrier issues in a timely and thorough  
fashion.

B) Name of a contact person at Post to coordinate Post's  
periodic compliance reorting, field general compliance  
inquiries, and ensure complaints are reported promptly to  
relevant Washington agencies:

E/P Section Economic Unit Chief Craig Reilly is the main  
contact person on all trade issues for Consulate General Hong  
Kong.

C) Description of complaint response activities at Post,  
including examples of recent compliance successes and ongoing  
compliance issues:

The Hong Kong Government's (HKG) continuing market-oriented  
approach to commerce has created one of the freest trading  
economies in the world. Hong Kong is an active member of the  
World Trade Organization (WTO) and the Asia Pacific Economic  
Cooperation (APEC) forum, where it is a strong proponent of  
reducing trade barriers. Although Hong Kong does not have a  
free trade agreement with the U.S., Hong Kong is a duty-free  
port and has few barriers to trade in goods and services.

The HKG's ban on imports of U.S. beef remains an area of  
contention. In December 2003 following the announcement of a  
case of Bovine Spongiform Encephalopathy (BSE) in the U.S.,

HKG banned imports of U.S. beef. In the ensuing two years, Post worked closely with U.S. industry representatives to identify and intensely lobby key HKG officials to re-open Hong Kong's market to U.S. beef. These efforts bore fruit in December 2005 when the HKG agreed to allow U.S. boneless beef from cattle under 30 months of age. However, the HKG still restricts U.S. bone-in beef. Post, USDA, and beef industry representatives have all been heavily involved in lobbying for Hong Kong to allow bone-in beef products, as is consistent with OIE guidelines.

D) Description of proactive monitoring efforts at Post:

All trade-involved agencies at Post regularly participate in American Chamber of Commerce meetings and frequently meet with various industry contacts to discuss trade compliance issues ranging from beef imports to intellectual property rights (IPR) enforcement. Post also maintains regular contacts with HKG officials to discuss trade issues and to monitor the regulatory environment involving trade issues. One example of this is Post's active monitoring of Hong Kong's proposed changes to its Copyright Ordinance, the development of which has the potential to strongly impact the IPR protective regime in Hong Kong.

Sakaue